

LNF & IHCIF Calculations Illustration **- Cherokee in Oklahoma area -**

Given Data

- 73,486 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 14% = % Expenditures on purchased services, 86% = % expenditures in-house
- 88.2% = Cost index for purchasing health care in this geographic area
- 74.0% = Size cost index for in-house costs due to small or large size
- 96.9% = Oklahoma area cost index for health status above or below average

Cost Adjustment Calculations

- \$375 per person for purchased services = $14\% * 88.2\% * \$2,980$
- \$1,891 per person for in-house services = $86\% * 74.0\% * \$2,980$
- \$2,265 per person total = \$375 (purchase) + \$1,891 (in-house)
- **\$2,196 per person total** adjusted for health status = $\$2,265 * 96.9\%$
- **\$1,451 per person net cost** = $\$2,196 - \745 Other resources (M&M&PI)

Existing Expenditures (for 73,486 users excluding wrap-around and collections)

- \$605 per person = local IHS allowance (excludes \$ for wrap-around)
- \$77 per person = expenditures elsewhere in Oklahoma area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$736 per person for OU users** = $\$605 + \$77 + \$54$

LNF Calculation

- **33.5% Gross LNF** = $\$736$ (expenditures) / $\$2,196$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **50.7% Net LNF** = $\$736 / \$1,451$ net cost ($\$2,196 - \745 other)

IHCIF Allocation

- \$9,891,313 = \$ to raise LNF% from 50.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$345,009 Allocation** = $\$9,891,313$ needed for 60% * 3.488% IHCIF fraction

Cherokee Unmet Needs

- **\$106,615,243 Net Total Need** = 73,486 users * \$1,451 net cost
- **\$52,537,410 Net Unmet Need** = $(100\% - 50.7\% \text{ LNF}) * 73,486 \text{ users} * \$1,451 \text{ net cost}$